MULTIMEDIA UNIVERSITY

STUDENT IDENTIFICATION NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2022/2023

BBL2014 – BUSINESS LAW

(All sections/ Groups)

12 July 2023
09:00 a.m. – 11:00 a.m.
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of 3 pages (including the cover page) with 4 Questions only.

2. Answer **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.

3. Please write all your answers in the Answer Booklet provided.

QUESTION 1 (25 MARKS)

(a) Discuss the meaning of offer and invitation to treat and the situations which amount to an invitation to treat by referring to relevant sections and decided cases.

(15 Marks)

(b) Allan in Sabah offered to sell 1000 boxes of pearls to Seth at a certain price. The pearls were to be shipped on 1st March 2023. The pearls were also expected to arrive in Kuala Lumpur on 10th March 2023. Seth, who was in Kuala Lumpur, made a phone call to Allan to accept the offer. However, Allan was not in the office at the said time and Seth left a voice message saying that 'I accept your offer'. Allan returned to the office and sent a fax to Seth revoking his offer. Seth received the fax. On the next day, Allan played the answering machine and heard Seth's words of acceptance. Discuss whether there is a contract between Allan and Seth.

(10 Marks)

QUESTION 2 (25 MARKS)

(a) Discuss the ways an agency can be created.

(15 Marks)

(b) Peter appointed Andrew, a stock agent to buy some cattle for him at RM100 per head. Andrew sold some of his own cattle to Peter but did not reveal they were his. After the sale, Peter discovered that he could have bought cattle of the same quality from Trevor at RM80 a head and that the cattle he bought belonged to Andrew. Can Peter have the contract set aside? Discuss the basis for the action.

(10 Marks)

QUESTION 3 (25 MARKS)

(a) Discuss how a partnership can be formed and the ways a partnership may be dissolved under the Partnership Act 1961.

(15 Marks)

(b) In the following circumstances, discuss whether the recipient of the payment is a partner in the business:

(i) A is owed RM5,000 by the business. The amount is to be repaid in installments out of the accruing profits of the business.

(ii) B is an employee of the business. As part of her remuneration package, she receives a share of the profits.

(iii) C is the widow of a deceased partner of the business. She receives by way of an annuity a portion of the profits of the business.

(iv) D loaned money to the business and is to be repaid by way of a share of the profits.

(v) E, who sold the business, receives payment for it by way of a share of the profits.

(10 Marks)

Continued...

QUESTION 4 (25 MARKS)

(a) Discuss the concept of a separate legal entity principle and the circumstances under which the veil of a separate legal entity may be lifted by referring to both statutory provisions and relevant cases.

(15 Marks)

(b) Mohamed runs a soil testing business. He decides to form a company to take over the business. He is the majority shareholder and one of the directors. Mohamed sells his business to the company at an inflated price and lends the company RM90,000 to help meet the cost of purchase. As security for the loan, Mohamed arranges a loan over a vacant block of land, which he transferred to the company as part of the business sale.

In the first year of operation, the business makes a small profit, but by the end of 2009, it is clear that the business is going down. Mohamed becomes desperate and works even harder. While working late into the night, Mohamed badly injures his hand and needs micro-surgery. However, his efforts to keep the business afloat are in vain and the company is forced into liquidation. On realisation of the assets, it is found that the company has approximately RM95,000 to go towards meeting creditors' claims of RM210,000:

(i) If Mohamed is the only secured creditor, will he get his RM90,000 back?
(ii) Can Mohamed claim workers' compensation?

(10 Marks)

End of Paper.